1947. File No. Bud I/47

Legal DEPARTMENT
C BRANCH

K Subject

Orders and Procedures
Relating to Budgets

(P 11/F)

File No. Bud I/47

Stl. Sectt. Slip 24 L. e.

253-C

C O N T E N T S.

LEGAL DEPARTMENT.

Volume.Bud.I/47.

S.No.	Compiliation No.	Subject.	Pages.
	Bud.I/47	Orders and Procedures relating to Budgets.	
1.	F.D.Circular P.259.G 14-4-47 R.I.5333/1-5-47	Finance and Appropriation Accounts Reconciliation of figures in -----	
2.	F.D.Circular 2946/33 13-8-47 R.I.9934/21-8-47	Utilisation of unanticipated Credits to meet fresh expenditure.	
3.	G.R.F.D. 2613/33 24-6-47 R.I.8607/18-7-47	Expenditure - Detailed appropriate audit of adjustment of defits for supplies to other Departments.	
4.	G.R.F.D. 6758/33 23-12-47 R.I.16686/30-12-47	Budget Estimates Exchange basis for preparation of revised Estimates.	
5.	G.R.Pands D. W-653/7674 dt.29-12-47. R.I.144/7-1-48.	Expenditure on refugees opening of a new minor head.	
6.	P.W.D.Circular P.42/1846 20-1-48 R.I.938/26-1-48.	Budget grants surrenders etc. for the year 1947-48.	

R.I.5758

Finance and Appropriation Accounts;
Reconciliation of figures in --
Prompt disposal of audit enquiries
in connection with

GOVERNMENT OF BOMBAY.

FINANCE DEPARTMENT.

Circular No.P.259-C.

Bombay Castle, 14th April 1947.

It has been brought to the notice of Government that the instructions issued in the Government Circular, Finance Department, No.P.259-C, dated 14th February 1940 and in the Government Resolution, Finance Department, No.2613/33, dated 29th August 1941, with regard to the reconciliation of the departmental figures of expenditure with those recorded on the books of the office of the Accountant General and the prompt disposal of the references from the Accountant General in connection with the Finance and Appropriation Accounts, are not being properly observed in all cases by the officers controlling expenditure under the various budget heads. It is essential that all the reconciliation work should be completed punctually and expeditiously and all the audit enquiries regarding the Finance and Appropriation Accounts attended to and dealt with promptly, in order to facilitate timely compilation and publication of those Accounts and the Audit Reports thereon. All Heads of Offices are therefore requested to see that the instructions contained in the Government Circular and the Government Resolution referred to above are again brought to the notice of the staff under them and that they are observed very strictly in future.

By order of the Governor of Bombay,

K.P. MATHRANI,
Deputy Secretary to Government.

L Fin H

To,

The Accountant General Bombay,
+The Prothonotary and Senior Master, His Majesty's High Court, Bombay,
+The Registrar of His Majesty's High Court of Judicature, Appellate Side, Bombay,
All other Heads of Offices under the several Departments of the Secretariat,
All Departments of the Secretariat,
The Secretary to the Governor,
The Military Secretary to His Excellency the Governor.

+By letter.

No. of 1947.

Copy forwarded for information and guidance to -

Utilisation of unanticipated credits to meet fresh expenditure.

GOVERNMENT OF BOMBAY.

Fiance Department.

Circular No.2946/33.

Bombay Castle, 15th August 1947.

RESOLUTION.--- A Note+ regarding utilisation of unanticipated credits to meet fresh expenditure was laid before the Public Accounts Committee, which met to examine the Appropriation Accounts of the Government of Bombay for the year 1944-45 (Vide Appendix 'C' at page 17 of the Report of the Public Accounts Committee on Appropriation Accounts for 1944-45). The Committee has agreed with the suggestions made in that Note. The Departments of the Secretariat are instructed to see that all cases of utilisation of unanticipated credits for meeting excess expenditure in future are specifically mentioned in the explanatory remarks made below the relevant budget heads in the Budget Memorandum. The Accountant General is requested to ensure that cases of utilisation of unanticipated credits for which sanction of Legislative Assembly was not obtained, are mentioned specifically in the Audit Report.

By order of the Governor of Bombay.

V.P. JAINIS,

Under Secretary to Government.

To,

The Accountant General, Bombay,

All Departments of the Secretariat.

+ Typed as an accompaniment to this Circular.

Accompaniment to Government Circular, Finance Department, No. 2946/33 dated 13th August 1947.)

Note by the Finance Department on the utilisation of unanticipated Credits to meet fresh expenditure.

In accordance with the rules of classification in Public Accounts certain credits are to be accounted for as deductions from expenditure, instead of as receipts under the revenue heads concerned. In the budget also, which generally follows the classification in the accounts, credits of this type are shown as deductions from expenditure. Provision for such credits as can be foreseen at the time of preparing the budget estimates is made in the demands for grants for expenditure by deduct entries. In consequence of such credits being taken as reduction of expenditure in the budget, the grant actually voted by the Legislature represents the net expenditure. The amount of gross expenditure permissible decreases or increases according as actual credits are less or more than those estimated in the budget. In the former case that is, when actual credits are less than the estimate, the net expenditure exceeds the net grant and a supplementry demand becomes necessary to cover the excess expenditure. But, in the latter case, that is when the credits are more than the estimate, the effect is just the opposite in that the controlling officers are able to spend a larger gross sum than is provided in the budget estimates. The position in the latter case may be illustrated thus:-

	Expenditure as voted in the budget. Rs.	Scope of expenditure as a result of actual credit exceeding the estimate. Rs.
Gross expenditure	A	A+X
Deduct-Recoveries	- B	B+X
Net voted grant	A - B	A - B

It will be seen from the above that a larger recovery than estimated has estimated has the effect of increasing the funds at the disposal of the controlling officers without recourse to the normal means of supplementary vote. In view of this position some restrictions on the utilisation of such unanticipated credits are obviously desireable.

P.T.O.

2. The Auditor General of India, who had had occassion to consider this matter in 1937 in connection with the adaptation of audit rules to the new constitution, brought the subject to the notice of this Government and remarked that it was for the Provincial Government to decide, in consultation with its Legislature, a suitable method to be applied for imposing a restriction on such utilisation of unanticipated credits. As, however, it was not possible for this Government to consult at that time the Provincial Legislature or the Public Accounts Committee elected by it, the Finance Department issued certain instructions in consultation with the Accountant General, Bombay, in the year 1937, to the effect that the Finance Department should invariably be consulted by the spending departments in all cases where substantial unanticipated credits are to be utilised for any fresh items of expenditure which would not otherwise have been sanctioned. The Finance Department, in dealing with such proposals from the spending departments, considers whether the unanticipated credits are proposed to be utilised for meeting expenditure on a new service in which case it advises the department concerned to obtain the approval of the Legislature by way of supplementary grants.

3. The procedure adopted by the Government of United Provinces, with the approval of its Public Accounts Committee, for regulating the utilisation of unanticipated credits is that in cases where substantial unanticipated credits are proposed to be utilised for new items of expenditure, the approval of the Legislature is to be obtained in the same way as for items of supplementary grants. Further, the cases in which an excess in the entire grant is covered in whole or in part by unanticipated credit the utilisation of which has not been sanctioned in the way indicated above are to be specifically brought to the notice of the Public Accounts Committee of that Province each year by the Accountant General through his Appropriation Accounts and Audit Report. It will be seen that the first part of this procedure which deals with the treatment of unanticipated credits to be utilised for new items of expenditure

and which appears to be a suitable method for limiting the spending powers of the controlling authorities, is already covered by the instructions issued by this Government in 1937 referred to in the preceding paragraph. As regards the cases of utilisation of unanticipated credits sanction for which has not been obtained from the Legislature, the procedure followed by the Government of United Provinces whichrequires the Accountant General of that Province to notice them specifically in his Audit Report, each year, would appear to be suitable for bringing such utilisation tothe notice of the Legislature, and with the approval of the Public Accounts Committee, it is proposed, to adopt it in the case of this Province, and to instruct the Accountant General, Bombay, accordingly.

4. It may also be mentioned in this connection that the Accountant General, Bombay, has raised a question for the consideration of this Government whether, on the analogy of the system adopted by the Central Government at the instance of their Public Accounts Committee, all the cases of utilisation of unanticipated credits for meeting excess expenditure should in future be specifically mentioned in the explanatory remarks made below the relevant budget heads in the Budget Memorandum, if such credits are noticed before the preparation of the revised estimates. This system, which is adopted by the Government with a view to bringing to the notice of the Legislature all cases of utilisation of unanticipated credits noticed before the revised estimates are framed may perhaps also be adopted in this Province. This would be in addition to the procedure mentioned in the preceding paragraph.

Expenditure:

Detailed appropriate audit of-
Adjustment of debits for supplies
to other Departments.

GOVERNMENT OF BOMBAY.

FINANCE DEPARTMENT.

Resolution No.3615/33.

Bombay Castle, 24th June 1947.

Letter from the Accountant General, Bombay, No.T.M.28/29, dated 11th April 1947 :-

"I have the honour to enclose a copy of the Government of India, Finance Department Memorandum No.F.1/(156)-B/46, dated 18th December 1946, forwarded by the Auditor General of India to this office for information. As the instructions contained in the Government of India memorandum have a general bearing on the watching of the progress of expenditure against grants by the controlling authorities I would request Government to consider the desirability of issuing similar instructions for the guidance of the departmental officers in this province."

Government of India, Finance Department Memorandum No.F 1/(156)-B/46, dated 18th December 1946 :-

" In paragraph 7 of their Report on the Accounts for 1944-45 (Extract enclosed for ready reference) the Public Accounts Committee commented on the apparent lack of liaison between the receiving departments and the departments arranging the supplies resulting in large lapses of fund due to the non-receipt of debits for supplies, and suggested that if a close liaison between departments is maintained such lapses should be very few. The attention of all departments of the Government of India and of Controlling authorities is drawn to the observations of the Committee on this point. The responsibility of Controlling Officers does not end with including provision for the value of supplies in regulating their grants. They should keep a watch over the receipt of the debits and remind the serving departments if there is any undue delay in receiving them.

"2. Necessary instructions may be issued to all subordinate Controlling Officers."

Extract paragraph 7 of Central Public Accounts Committee Report for 1944-45:-

" Debits for supplies and services - During our examination of the appropriation accounts we came across a large number of cases in which final savings had been explained as due to the non-receipt of debits for supplies by other departments. In this connection we suggested last year the adoption of the practice of making provisional payments to the supplying departments. We understand that this suggestion has been accepted in the case of supplies made to the Railways, whose accounts close relatively early after the end of the financial year, and that it has not been considered necessary to adopt it for other departments as their accounts are kept open for some months after the close of the financial year. We do not propose to reopen this question but we are left with the impression that the departments receiving the supplies or services do not maintain sufficiently close liaison with the supplying departments this matter. While it is the duty of the Supplying Departments to arrange for the prompt raising of debits against the receiving departments, it is ours in our view equally the duty of the latter, as part of their control of expenditure of the funds placed at their disposal, to remind the serving departments and see that debits are received

Budget Estimates:
Exchange basis of preparation
of revised estimates.

GOVERNMENT OF BOMBAY.
Finance Department.
Resolution No. 6758/33.
Bombay Castle, 23rd December 1947.

Letter from the Government of India, Ministry of Finance, No.D. 10838-B/47 dated 2nd December 1947.

RESOLUTION--- The Governor of Bombay is pleased to direct that an average rate of exchange of 1 shilling 5.31/32 pence per rupee should be adopted for the revised estimates for 1947-48 and of 1 shilling 6 pence per rupee for the budget estimates for 1948-49.

By order of the Governor of Bombay,

V.P. SABNIS,
Under Secretary to Government

To,

The Accountant General, Bombay,
All Departments of the Secretariat,
The Director of Civil Supplies (Accounts).

in time. We feel that if a close liaison is maintained between the supplying and receiving departments, there should be fewer cases of lapses due to non-receipts of debits and we suggest that this should be brought to the notice of all departments."

Resolution:- Copies of the Government of India, Finance Department Memorandum No.F.1/(155)-B/46, dated 18th December 1946 and extract paragraph 7 of the Central Public Accounts Committee's Report for 1944-45 should be forwarded to all departments of the Secretariat and all Heads of Offices for information and guidance.

8. The Controlling Officers should keep a watch over the receipts of debits and remind the serving departments including departments of other Governments if there is any undue delay in receiving them.

By order of the Governor of Bombay,

V.P. SABNIS,
Under Secretary to Government.

G.R. No.2613/35,F.D., dated the 24th June 1947.

To,

The Accountant General,
The Secretary to the Governor,
The Military Secretary to His Excellency the Governor,
The Prothonotary and Senior Master, His Majesty's High Court, Bombay,
The Registrar of His Majesty's High Court of Judicature, Appellate Side, Bombay,
All other Heads of Offices under the several Departments of the Secretariat,
All Departments of the Secretariat.

By letter.

R.I No. 8601/18-7 of 1947.

Copy forwarded for information and guidance to -

Expenditure on refugees -

Opening of a new minor head.

Government of Bombay
Political and Services Department.
Resolution No. W. 653/7674.

Bombay Castle, 29th December 1947.

Read Letter from the Accountant General, Bombay, No. DAI-MISC. 6946, dated the 18th November 1947 and its accompaniment-

(See on the reverse, please)

RESOLUTION:- Government is pleased to direct that a new minor head "Expenditure on refugees" should be opened under the major head "57-Miscellaneous" Provincial in respect of expenditure on refugees.

2. The following primary units under the minor head "Expenditure on refugees" should be opened to record expenditure on refugees.-

1) Pay of Officers,

2) Pay of Establishment,

3) Allowances, Honoraria, etc.

4) Contingencies.

The Officers concerned should submit these estimates (revised and budget) under these primary units.

By order of the Governor of Bombay,

Sd.

For Chief Secretary to the Government of Bombay,
Political and Services Department.

To,

All Departments of the Secretariat,
The Accountant General, Bombay,
(through the Finance Department),
All heads of offices under the several Departments
of the Secretariat,
The Refugees Officer, Bombay,
The Chief Refugee Officer, Bombay.

Copy of a letter from the Accountant General, Bombay, No. DAI-Misc/6946 dtd. the 18th November 1947.

Subject:- Immigrants and refugees from other Provinces.

I have the honour to invite a reference to para. 2 of Govt. Political and Services Deptt. Memorandum No. W. 653/4591, dated the 1st September 1947 (Copy received under the F.D. Endorsement No. 6941/33/30400-E, dated 2nd April 1947 on the subject noted above and to state that the Auditor General of India has decided that the expenditure incurred by the Central Govt. on the relief and rehabilitation of refugees should be booked under the new minor head "7 Expenditure on refugees" under the major head "57 Miscellaneous" (Copy of Auditor General's letter No. 399-AC/93-47 dated the 6th October 1947 enclosed). I would, therefore, request that Government may kindly issue orders for classifying the expenditure on the refugees under the new minor head mentioned.

2. I would further request that Govt. may kindly state whether they desire to open the following primary units under the minor head to record expenditure on the refugees.

(1) Pay of Officers,
(2) Pay of Establishment.
(3) Allowances Honoraria, etc.
(4) Contingencies.

3. As regards the question of classifying the grants to be received from the Govt. of India, I am to enquire if a reply to the Govt. of ~~Bombay~~ Bombay, Political and Services Deptt.'s letter No. 653-VIII/4938, dated the 8th October 1947 to the Ministry of Relief and Rehabilitation is received and if so the result may please be communicated to this office. In case the expenditure on refugees is treated as a liability on the provincial Revenues as well, the grant for the Central Revenues will have to be treated as a receipt vide para. 34(b) of the Accounts Code Vol. I; otherwise, it will have to be treated as reduction of expenditure. In the first case, the grants may be classified under a detailed head "Grant to meet expenditure on refugees" to be opened under the minor head "Miscellaneous" under the Major head "XLVI- Misc" while in the latter case, the grant will be recorded under 57 Misc. Expenditure on Refugees- Deduct Amount recovered from the Govt. of India.

4. The favour of an early reply is requested.

Copy of a letter from the Auditor General of India, No. 399-Ac/93-47, dated the 6th October 1947, addressed to the Accountant General, Bombay, Central Revenues.

Subject:- Classification of expenditure incurred by the Central Government on the relief and rehabilitation of refugees.

I have the honour to state that the Auditor General has decided that the expenditure on the Ministry of Relief and Rehabilations should be booked under the minor head Civil Secretariat under "25 General-Administration" and that the expenditure on relief and rehabilitation and on such grants as may be made to the Provincial Govt. for financing relief and rehabilitation should be debited ~~banks~~ to a new minor head "Expenditure on refugees" to be opened under the new major head "57-Miscellaneous. There will be two detailed heads under the new minor head, namely, (1) Expenditure on Relief and Rehb. and (ii) "Grants to Provincial Govts." for recording the expenditure of the two categories.

R.I. No 1414/7-1-48

Budgets, grants, surrenders, etc. for the year 1947-48; Consequent on the reorganisation of the Public Works Department charges - orders regarding the procedure for -

GOVERNMENT OF BOMBAY.
Public Works Department.
Circular Memorandum No. P.42/1948.
Bombay Castle, 20th January 1948.

GOVERNMENT CIRCULAR MEMORANDUM.

In accordance with the orders issued in Government Resolution No. 8974/36, dated the 19th December 1947, the xxx jurisdiction of the Public Works Department Circles then existing have changed in some cases and new Circles have been created. The current year's grants for major works, repairs, orginal minor works, tools and plant, etc., are under the control of the Superintending Engineers of the Circles then existing and the same have been distributed by them, where required, amongst the Executive Engineers under them. The re-distribution of funds between the Circles now created will take some time. The current financial year is coming to a close and the final date for applying the actual allotments of funds as well as for surrendering the funds is approaching very near. In order to avoid delay and confusion, Government is pleased to direct that the following procedure should be adopted:-

(1) The Executive Engineers of Divisions should continue to submit all proposals relating to the grants in the current financial year, budgets, nine-monthly estimates, allotments, surrenders, etc. pertaining to their Division to the Superintending Engineer under whose jurisdiction they were before the issue of orders in Government Resolution No. 8974/36, dated the 19th December 1947, copies thereof being forwarded to the Superintending Engineer of the newly constituted Circle.

(2) The Superintending Engineer will then submit the same to Government under intimation to the Superintending Engineer of the newly constituted circle.

(3) Copies of orders of Government will be forwarded to the superintending Engineer then existing, to the newly constituted superintending Engineer and to the Executive Engineer concerned.

2. Since the office of the superintending Engineer, Project Circle, is now not existing, the proposals pertaining to the Divisions that were under his jurisdiction should be submitted to the superintending Engineer, Eastern Circle, who will submit the same to Government copies of orders of Government will be forwarded to all concerned as stated above.

By order of the Governor of Bombay,

D. A. GADKARY,
Deputy Secretary to Government.

To,
The Finance Department.
All other Departments of the Secretariat (Except the Separate Dept.)
The Accountant General, Bombay.
The Superintending Engineers of Circles.
The Electrical Engineer to Government.
The Public Health Engineer to Government.
All executive Engineers of Divisions.
The Director, Development Department Chawls.